

SENATE BILL 1366

By Haynes

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 4, Part 14, relative to accommodations for
transients.

WHEREAS, Tennessee's second largest industry is tourism and hospitality; and

WHEREAS, the imposition of local hotel occupancy taxes at higher levels has a negative
effect on tourism and the growth of the hospitality industry in Tennessee; and

WHEREAS, it is critical to the state's economy that Tennessee be and remain a state
which is friendly and accommodating and reasonable in its taxation of its visitors; and

WHEREAS, the hospitality and tourism industry has paid millions of dollars in occupancy
taxes to a wide variety of cities, counties, and metropolitan governments across the state of
Tennessee; and

WHEREAS, the use of the proceeds of occupancy taxes to better serve our guests by
creating more and better attractions and providing a higher level of promotion and entertainment
is a reasonable use of those funds; and

WHEREAS, many jurisdictions have begun to use occupancy taxes as a normal source
of funding general government services in spite of the fact that the tourism and hospitality
industry pays enormous amounts in sales, property, franchise, excise and other taxes and fees;
and

WHEREAS, the state's second largest industry would be better served by the investment
of any new or additional occupancy taxes into support for the tourism and hospitality industry;
now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 14, is amended by
adding the following new section thereto:

§ 67-4-14___. Notwithstanding the various exceptions provided elsewhere in this part or any private act or charter provision to the contrary, the proceeds from any increase to an occupancy tax in existence on the effective date of this act or from the creation of a new occupancy tax after the effective date of this act shall be used in the direct promotion of tourism. As used in this act, the “direct promotion of tourism” means any expenditure of funds which is reasonably directed at generating overnight stays at hotels located within the taxing jurisdiction.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.